

December 2014 Monthly Report for MTC

To: Steve Heminger, Executive Director
From: Tom Bulger, President, GRI
Re: Monthly Report for December 2014
Date: December 30, 2014

- **Congress Passes \$1.1 Trillion Omnibus Bill**
- **What Does the \$1.1 Trillion Omnibus Do for Transportation?**
- **Senate Clears Tax Extenders Package for 2014**
- **Congress Adjourns for the Year**
- **Federal Highway Administration Hosts “Let’s Talk Performance” Webinar**
- **Transportation for America Hosts “The Innovative MPO” Webinar**
- **Senator Boxer Unsure About Running for Fifth Term**
- **Transportation-Related Senate Committee Assignments for 114th Congress**
- **Comings and Goings**

Congress Passes \$1.1 Trillion Omnibus Bill

Despite lengthy delays in both chambers, Congress approved a \$1.1 trillion omnibus spending bill funding most of the government through September 2015. In the House, outcries from Democrats and significant defections from both parties held up the voting of the bill until late in the evening on December 11, the last day that the government was funded for the year 2014. This resulted in a tight vote of 219-206 in favor of the spending bill, which was then sent to the Senate along with a two-day continuing resolution to allow the Senate proper time to consider the bill. Late in the evening on December 14, the Senate voted on and passed the omnibus package 56-40 despite more defections and outcries from Republicans regarding President Obama's executive actions on immigration and the Democrats' opposition to an amendment to the Dodd-Frank Act. Legislation in the omnibus spending bill funds most of the government through September 2015 with the exception of the Department of Homeland Security, which will only receive funding until the end of February 2015.

What Does the \$1.1 Trillion Omnibus Do for Transportation?

Here is an overview of the final appropriations for the Department of Transportation (DOT) for the upcoming Fiscal Year 2015 handed out through the \$1.1 trillion omnibus package:

- **Overview:** The final bill provides a net total of \$17.8 billion in discretionary appropriations for the DOT, which is almost identical to last year's total. The House bill had proposed big cuts in a few big-ticket discretionary items at DOT (TIGER grants, Amtrak subsidies and FTA new starts), but the larger budget allocation means that the bill will give these programs a bit more breathing space.
- **TIGER:** The final bill appropriates \$500 million for TIGER grants, down \$50 million from last year but well above the House bill's \$100 million. The bill continues to allow mass transit, freight and passenger rail, and other types of surface transportation infrastructure projects, but since the stated purpose of the appropriations is "capital investments" this means that planning activities will remain ineligible.
- **Highways:** Because of current issues and the lack of a surface transportation reauthorization bill to bail out the Highway Trust Fund, appropriators decided to freeze everything at the FY 2014 levels and let authorizers come and add money later if they can find it.
- **Rail:** There is no money in the bill for any new passenger rail or high-speed rail grants. However, the bill drops the House-passed provision that singles out the California high-speed rail project for zero federal funding, meaning that it stays eligible for TIGER money and for the possible transfer of state highway and transit formula funding to projects that benefit the project. At Amtrak, the total amount of funding provided by the bill (excluding the Inspector General) is \$1.39 billion, the same amount as last year. However, the mix of funding is heavier on capital and debt service grants and lighter on operating subsidies than last year's law. The final bill also includes provisions originated

by the House that limits total Railroad Rehabilitation and Improvement Financing (RRIF) loans in any one state to a total face value of \$5.6 billion. There is also \$3 million to expand inspections along roughly 14,000 miles of track used by trains hauling oil tankers.

- **Mass Transit:** The big account at FTA (formula grants) is from the Highway Trust Fund and is frozen at last year's \$8.595 billion. The big discretionary account is new starts (capital investment grants) that get a gross appropriation of \$2.120 billion under the bill. But there is a rescission of \$121.5 million in prior-year new start money that reduces the net total. With the inclusion of some reprogrammed prior year funds, \$1.510 billion is available for projects with signed Full Funding Grant Agreements (FFGAs); \$325 million is for projects where the FFGA is not yet signed but anticipated to be signed later in FY 2015; \$172 million is available for small start projects; and \$120 million is for core capacity projects.

Senate Clears Tax Extenders Package for 2014

The Senate cleared a \$41.6 billion package of tax extenders on December 16, sending the legislation to President Obama in one of the last substantive moves of the 113th Congress. The clearing of this package means that more than four dozen tax extenders for both businesses and individuals will be extended only through the end of 2014. Republicans and Democrats latched on to the one-year deal after the White House undercut negotiations on a broader bipartisan package which would have made certain tax extenders permanent (such as the mass transit benefit). After the bigger deal died, Sen. Ron Wyden (D-Ore.) and other Senate Democrats fought for the two-year extension of most tax extenders that the Finance Committee passed in the spring. The Finance chairman sent counteroffers to House Ways and Means Chairman Dave Camp (R-Mich.), but also found little support from Sen. Harry Reid (D-Nev.) and even the White House and other Democrats. Voicing his displeasure with the one-year extension of the tax extenders, Sen. Wyden stated, "This package of tax incentives will last just two weeks. It doesn't have the shelf-life of a carton of eggs."

The short-term tax bill restores tax provisions that help working families like distressed homeowners, teachers who buy their own supplies and commuters who use mass transit. Many transportation agencies and coalitions advocated for permanent parity between employer-provided mass transit and parking pre-tax/tax-free benefits or, at the least, the extension of parity for 2015. However, the tax-breaks package merely provides a retroactive extension of parity for 2014 and, given the nature of how the mass transit benefit is administered, transit commuters or employers are not likely to realize reduced commuting costs or tax liability for 2014. Even though the 2014 retroactive parity provision offers no immediate or practical benefit for transit commuters or employers, its inclusion in the final bill will be helpful in future discussions to make parity permanent.

The passage of the tax extenders also comes as the White House and both congressional Democrats and Republicans have talked up the possibility of overhauling the tax code, which could occur in the spring of 2015.

Congress Adjourns for the Year

The House and Senate chambers have passed the adjournment resolution and, barring a national emergency, the 113th Congress has concluded. The House and Senate will not return until noon on January 6, 2015, when the new 114th Congress will be sworn in.

Federal Highway Administration Hosts “Let’s Talk Performance” Webinar

On December 9, we participated in a Federal Highway Administration (FHWA)-led webinar titled, “Theory vs. Practice: Linking Performance Measures to Outcomes.” The webinar included discussion about a performance-based approach to local street and road maintenance and the usage of the Pavement Condition Index (PCI). The webinar also included discussion about asset management and improving agency performance. The webinar featured two discussions led by MTC’s Sui Tan, Street Saver Program Manager, and David M. Springstead, Senior Director of Engineering and Development for Metropolitan Atlanta Rapid Transit Authority.

Transportation for America Hosts “The Innovative MPO” Webinar

On December 10, we participated in the Transportation for America webinar which included a discussion on MPOs. The webinar was presented by Transportation for America staff, including Erika Young, Director of Strategic Partnerships; James Corless, Director; and Sarah Kline, Director of Policy. Guest speakers included Andy Cotugno, Senior Policy Advisor for Portland Metro; Tim Brennan, Executive Director for Pioneer Valley Planning Commission; and Steve Devencenzi, Planning Director for San Luis Obispo Council of Governments. The highlight of the webinar was the discussion on seven chapters covering areas of MPO responsibility. The chapters included:

1. Creating an Effective and Visionary Long-Range Transportation Plan
2. Engage Communities in Regional Decision-Making
3. Fully Utilize All Available Funding Tools
4. Use Data to Make Smart Investments
5. Provide Technical Assistance and Collaborate with Local Communities
6. Make Freight Work for Regions
7. Going Beyond Transportation

Senator Boxer Unsure About Running for Fifth Term

A number of ambitious California public figures are anticipating a shake-up of the state's political hierarchy that could begin with the possible retirement of Sen. Barbara Boxer (D-Calif.). Sources close to Boxer say the outspoken liberal senator will decide over the holidays whether to seek re-election in 2016 and is expected to announce her plans shortly after the New Year. Boxer has stopped raising money and is not taking any steps to assemble a campaign. If she were to step aside, it would be the first crack in the state's upper political ranks in years. The last time the governorship was open was in 2010, when Jerry Brown, now 76, romped in a return to the job he first held more than three decades earlier. Boxer and California's other senator, Democrat Dianne Feinstein, 81, were elected in 1992.

If Senator Boxer does retire, two names that will garner the most attention as her possible replacement are current California Attorney General Kamala Harris, 50, and current California Lt. Governor Gavin Newsom, 47, both Democrats. Both hail from Northern California and rose through the ranks at the same time. But as anticipation of a Boxer retirement has grown, the two have gone out of their way in recent months to tamp down talks of a rivalry. Many Democrats believe that either Harris or Newsom might run for Boxer's seat, but not both, recognizing that a bitter primary could leave them damaged. One of them is likely to wait until 2018, when Gov. Brown will be termed out of office and Sen. Feinstein might step aside.

Transportation-Related Senate Committee Assignments for 114th Congress

On December 15, Senate Republicans announced their committee assignments for the upcoming Congress, joining Democrats who made their assignments in the prior week. Listed below are the committee members for the Appropriations, Environment and Public Works (EPW), and Finance committees. The selected committee chairmen for each committee will be listed in *italics*.

Appropriations

- **R:** *Cochran (Okla.)*, McConnell (Ky.), Shelby (Ala.), Alexander (Tenn.), Collins (Maine), Murkowski (Alaska), Graham (S.C.), Kirk (Ill.), Blunt (Mo.), Moran (Kan.), Hoeven (N.D.), Boozman (Ark.), Capito (W.Va.), Cassidy (La.), Lankford (Okla.), Daines (Mont.)
- **D:** *Mikulski (Md.)*, Leahy (Vt.), Murray (Wash.), Feinstein (Calif.), Durbin (Ill.), Reed (R.I.), Tester (Mont.), Udall (N.M.), Shaheen (N.H.), Merkley (Ore.), Coons (Del.), Schatz (Hawaii), Baldwin (Wis.), Murphy (Conn.)

EPW

- **R:** *Inhofe (Okla.)*, Vitter (La.), Barrasso (Wyo.), Capito (W.V.), Crapo (Idaho), Boozman (Ark.), Sessions (Ala.), Wicker (Miss.), Fischer (Neb.), Rounds (S.D.), Sullivan (Alaska)
- **D:** *Boxer (Calif.)*, Carper (Del.), Cardin (Md.), Sanders (Vt.), Whitehouse (R.I.), Merkley (Ore.), Gillibrand (N.Y.), Markey (Mass.), Booker (N.J.)

Finance

- **R:** *Hatch (Utah)*, Grassley (Iowa), Crapo (Idaho), Roberts (Kan.), Enzi (Wyo.), Cornyn (Texas), Thune (S.D.), Burr (N.C.), Isakson (Ga.), Portman (Ohio), Toomey (Pa.), Coats (Ind.), Heller (Nev.), Scott (S.C.)
- **D:** *Wyden (Ore.)*, Schumer (N.Y.), Stabenow (Mich.), Cantwell (Wash.), Nelson (Fla.), Menendez (N.J.), Carper (Del.), Cardin (Md.), Brown (Ohio), Bennet (Colo.),
- Casey (Pa.), Warner (Va.)

Comings and Goings

December 16

- Former National Transportation Safety Board (NTSB) member Mark Rosekind was confirmed by the Senate to become the National Highway Traffic Safety Administration (NHTSA) chief.
- According to the final issue of the Senate Executive Calendar, several nominations were still on the calendar and left unconfirmed at the end of Congress, including Therese McMillan as new Federal Transit Administrator. She will have to wait at least until the new Congressional Calendar begins (starting January 6, 2015) to be officially confirmed.